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September 19, 1997

John Lukjanowicz, Esq.
Oles Morrison & Rinker LLP
3300 Columbia Center
701 Fifth Avenue
Seattle, WA 98104-7082

Via Registered U.S. Mail

Re: Nugget Construction, Inc./Northern Stevedoring & Handling
Our File No. 45-40

Dear Mr. Lukjanowicz:

I am in receipt of your correspondence dated September 12, 1997. The case law you cite is distinguishable and supportive of Northern Stevedoring's position in this matter. In addition, Nugget Construction had a direct relationship with Northern Stevedoring. We are confident Northern Stevedoring's claim is covered by the Miller Act and the payment bond. Your threat to allege a violation of FRCP 11 is inappropriate.

So as to avoid any technical objection, I am resending my August 29, 1997 letter to Nugget Construction to you and your client by United States registered mail, as an enclosure to this letter.

Very truly yours,

BURR, PEASE & KURTZ


Michael W. Sewright

Encl. (August 29, 1997 notice of claim letter to Nugget Construction, Inc.)
(as stated)

John Lukjanowicz, Esq.
September 19, 1997
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cc: Nugget Construction, Incorporated
8726 Corbin Drive
Anchorage, AK 99507-3411
ATTN: Randy Randolph
Senior Engineer (w/encl.)(via Registered U.S. Mail)

Spencer Rock Products, Inc. - Via U.S. Mail (w/encl.)
1301 Dowling St. #109
P.O. Box 244061
Anchorage, AK 99024

U. S. Fidelity & Guaranty Co. - Via U.S. Mail (w/encl.)
c/o Willis Corroon Corporation of Anchorage
4220 B Street
Anchorage, AK 99503

Dept. of the Army - Via U.S. Mail (w/encl.)
U.S. Army Engineer District, Alaska
Ft. Richardson Resident Office
P.O. Box 898
Anchorage, AK 99506-0898
Attn: Thomas A. Johnson, P.E.
Administrative Contracting Officer

#7080

RECEIVED
SEP 22 1997

**WILLIS CORROON CORP.
OF ANCHORAGE**